

HOME Annual Performance Report for 4/1/03 to 3/31/2004

A. Comprehensive Housing Affordability Strategy (State of Missouri Consolidated Plan)

1. The HOME Program activities available for the above period were consistent with the objectives identified in the approved State Consolidated Plan. As of March 31, 2004, activities included programs to assist:
 - Affordable housing for low-income households;
 - Affordable housing for homeless persons and families with other special needs;
 - Affordable homeownership for low and moderate households;
 - Preservation of affordable housing for low-income persons and families.
2. In the approved State Program Description (F/Y 1997), HOME funds were distributed among different categories of housing needs identified in the State approved Consolidated Plan as follows:
 - Rental Housing Production; (Including 15% CHDO Set-aside)
 - Homeowner Repair Program
 - Down Payment Assistance Program
3. MHDC budgeted \$1.5 million in FY 2003 HOME funds to establish its new Homeowner Repair Program. This program was administered by qualified not-for-profit agencies acting as sub-recipients under the direction of the MHDC Homeownership Department. HOME funds are made available for the purpose of home repair, weatherization, accessibility improvements and lead abatement in owner-occupied homes and serve low to moderate income families in the eligible areas. These funds may be used throughout the state of Missouri except in metropolitan statistical areas of St. Louis, Kansas City, Springfield, Columbia, and St. Joseph. The maximum award given to each agency will be limited to \$500,000. The maximum awarded to any one homeowner will not exceed \$14,000.
4. MHDC also budgeted \$500,000 in HOME funds for the Down Payment Assistance Program during this funding year. This program was also administered by qualified not-for-profit agencies acting as sub-recipients under the direction of the MHDC Homeownership Department. These HOME funds were made available as disaster relief to persons purchasing homes that were residents of federally designated "disaster counties" in the state of Missouri. These funds were provided as a \$5,000 second mortgages that could be forgiven after five years. These funds did not carry the "First Time Homebuyer stipulation".

HOME Annual Performance Report for 4/1/03 to 3/31/2004

B. Private Sector Participation

The Missouri Housing Development Commission (MHDC) made efforts to maximize participation by the private sector by publishing Notices of Funding Availability (NOFAs)

for a total of \$ 14,136,550 in regular HOME funds and \$2,650,050 of CHDO set-aside HOME funds. Proposals requesting HOME funds must be for the acquisition and rehabilitation or new construction of rental housing for low and very low-income tenants. For-profit sponsors may request a low interest rate loan or a combination grant/loan. Priority is given to developments that leverage MHDC dollars with other public and/or private funds.

HOME funds in Missouri are typically used in conjunction with the Federal and State low income housing tax credit programs. In fact, our typical deal in which HOME funds and LIHTC are used together the deal receives 75% of its financing through the tax credit equity. In fact, of the 1,239 units produced in our 2003 funding round, 1,223 of those units were produced combining HOME financing with housing tax credits.

Authorized by Congress in 1986, to encourage production of affordable rental housing, the Federal Low-Income Housing Tax Credit Program allows corporations and individuals to invest in affordable housing in exchange for a dollar-for-dollar credit against the taxes those investors will owe over a 10-year period.

In 1992, the state of Missouri formed a State Low-Income Housing Tax Credit Program that matched 100% of the Federal credits to further encourage private sector participation in the construction and rehabilitation of affordable, low-income housing.

Most tax credits are sold directly to corporations, corporate funds or limited partnerships through public or private syndication. The Private Sector Investors in these affordable, low-income housing projects are allocated federal tax credits and state tax credits which can be used to offset the investor's federal and state income tax liability on a dollar for dollar basis over a 10-year period.

C. Community Housing Development Organizations (CHDOs)

The Missouri Housing Development Commission has compiled a CHDO Certification package containing CPD Notice 97-11, the CHDO Checklist, a listing of legal requirements for CHDO designation and additional information of the basics of CHDO designation. This package is sent as requested to non-profit entities and other interested parties throughout the State and includes the names of staff persons who will help nonprofits understand the CHDO requirements. We also refer interested entities to the HUD internet sites for technical assistance.

MHDC notified State CHDOs of the availability of \$2,651,000 of HOME funds to be used for the production of rental housing. The production of rental housing can be through

HOME Annual Performance Report for 4/1/03 to 3/31/2004

acquisition, rehabilitation, and/or new construction. Notice was also given as to the availability of CHDO Operating Expense Grant funds. The CHDOs were also notified that in order to qualify for an Operating Expense Grant they must develop, own or sponsor a HOME assisted development. The CHDOs were also informed that they could request funding for rental production in the form of a low interest rate loan, a grant or a combination grant/loan.

During the above time period, MHDC had a total of 19 CHDOs designated by the State. This funding year we have six of our CHDOs who have received commitments to do ten different developments. MHDC established procedures for the application and approval of CHDO operating funds and has approved CHDO operating grants in the amount of \$170,000.

D. Affirmative Marketing

MHDC has affirmatively marketed the availability of HOME funds by:

1. Making a copy of the State's HOME Program Description, which details the Affirmative Marketing Requirements, available to all who request information;
2. Requiring the use of the HUD Form 935.2, Affirmative Fair Housing Marketing Plan and providing this document as one of the Developer's Packet exhibits;
3. Advertising in minority newspapers across the state;
4. Using the Equal Housing Opportunity logo in all advertisements, Developer's Packets, brochures; and
5. Providing a copy of the Missouri Minority Business Enterprise Directory when requested.

E. Minority Outreach

- 1.) Rental Housing Production Program
MHDC's Developer's Packet for rental production requires all recipients of HOME funds to keep records of the extent of participation by minority and women-owned businesses. Our stated policy is that qualified minority and women's businesses shall be solicited whenever they are potential sources of material or services.
- 2.) MHDC performs ongoing outreach to legislators and elected officials of minority populations to disseminate information on the various programs administered by MHDC, including the HOME Program.
- 3.) The Governor's annual statewide affordable housing conference which was held in September of 2003, offered all housing professionals (including minority

HOME Annual Performance Report for 4/1/03 to 3/31/2004

developers) and Missouri citizens an opportunity to keep abreast of the latest developments in affordable housing while networking with their counterparts. The conference is hosted by Governor Bob Holden and organized by the Missouri Housing Development Commission in partnership with Department of Economic Development, other state agencies, social service providers and professional associations. The Governor's Conference in past years has drawn an estimated

500 participants, including representatives from local government, for-profit and non-profit organizations, financial organizations, social service agencies and housing advocates from across the state. The participants and attendees of this conference are both men and women from diversified ethnic backgrounds.

- 4.) Every November, MHDC and state CDBG staff travel throughout the state presenting the yearly Action Plan of the Consolidated Plan Hearings. These meetings are open to the public and public comments are encouraged.
- 5.) Various members of the MHDC staff make public appearances throughout the year to talk about the various MHDC programs, including the HOME Program.

F. Tenant Assistance/Relocation

In order to minimize displacement as a result of a project assisted under the HOME Program, MHDC has encouraged sponsors to select properties that are currently owner-occupied (voluntary sale) or have been vacant for at least one year.

Some rental production proposals were received that contained occupied units that would require temporary relocation. Where this occurred, MHDC notified the sponsor that written notice should be provided to the tenants stating that the application was in process and that the tenant should not move. The sponsor was required to provide MHDC with copies of all notices sent to the tenants, a rent roll and documentation identifying the steps that were taken to complete the notification process and the temporary relocation. During the above period only temporary relocations were needed, no displacement as a result of the use of HOME funds occurred.

G. Shortfall Funds

For the above period, the Missouri Housing Development Commission did not transfer any portion of the State HOME allocation to any units of local government to make up a shortfall between the formula allocation and the threshold amount.